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Robert M. Morgan & Shelby D. Hunt

The Commitment-Trust Theory of Relationship Marketing

Relationship marketing—establishing, developing, and maintaining successful relational exchanges—constitutes a major shift in marketing theory and practice. After conceptualizing relationship marketing and discussing its ten forms, the authors (1) theorize that successful relationship marketing requires relationship commitment and trust, (2) model relationship commitment and trust as key mediating variables, (3) test this key mediating variable model using data from automobile tire retailers, and (4) compare their model with a rival that does not allow relationship commitment and trust to function as mediating variables. Given the favorable test results for the key mediating variable model, suggestions for further explicating and testing it are offered.

> The cooperative aspect of economic behavior has been relatively neglected. Economists speak of competitive theory, of pure and perfect competition. There is no corresponding development of cooperative theory, of pure and perfect cooperation (Alderson 1965, p. 239).

> One of the most salient factors in the effectiveness of our present complex social organization is the willingness of one or more individuals in a social unit to trust others. The efficiency, adjustment, and even survival of any social group depends upon the presence or absence of such trust (Rotter 1967, p. 651).

The past decade has witnessed the inception of a major directional change in both marketing theory and practice. Considered by Webster (1992, p. 1) to represent a "fundamental reshaping of the field" and by others to be a genuine paradigm shift (Kotler 1991; Parvatiyar, Sheth, and Whittington 1992), the turn is toward relationship marketing, a concept that encompasses relational contracting (MacNeil 1980), relational marketing (Dwyer, Schurr, and Oh 1987), working partnerships (Anderson and Narus 1990), symbiotic marketing (Varadarajan and Rajaratnam 1986), strategic alliances (Day 1990), co-marketing alliances (Bucklin and Sengupta 1993), and internal marketing (Arndt 1983; Berry and Parasuraman 1991). Relationship marketing is part of the developing "network paradigm," which recognizes that global competition occurs increasingly between networks of firms (Thorelli 1986, p. 47). Indeed, Achrol (1991, p. 78, 89) forecasts the rise of "true marketing companies" within networks of functionally specialized organizations whose interrelationships, being norm driven, are "held together and coordinated by market driven focal organizations" by means of "norms of sharing and commitment based on trust." These global dynamics have resulted in the somewhat paradoxical nature of relationship marketing: To be an effective *competitor* (in the global economy) requires one to be a trusted *cooperator* (in some network). As McKinsey & Co. strategists put it (Bleeke and Ernst 1993, p. 1), "For most global businesses, the days of flat-out, predatory competition are over.... In place of predation, many multinational companies are learning that they must collaborate to compete." Business ethicists also stress that competition requires cooperation (Solomon 1992, p. 26):

> However competitive a particular industry may be, it always rests on a foundation of shared interests and mutually agreed-upon rules of conduct, and the competition takes place not in a jungle but in a society that it presumably both serves and depends upon. Business life, unlike life in the mythological jungle, is first of all fundamentally *cooperative*. It is only with the bounds of mutually shared concerns that competition is possible. And quite the contrary to the 'everyone for himself' metaphor, business almost always involves large cooperative and mutually trusting groups, not only corporations themselves but networks of suppliers, service people, customers, and investors. (Emphasis in original.)

We explore the nature of relationship marketing and two key characteristics posited to be associated with the effective cooperation that is required for relationship marketing success. First, we examine the nature of relationship marketing and suggest how this construct should be conceptualized. Second, we theorize that successful relationship marketing requires relationship commitment and trust. Third, we model them as key mediating variables. Fourth, we test this key mediating variable model using data from automobile tire retailers. Finally, we compare our model with a rival that does not allow relationship commitment and trust to function as mediating variables.

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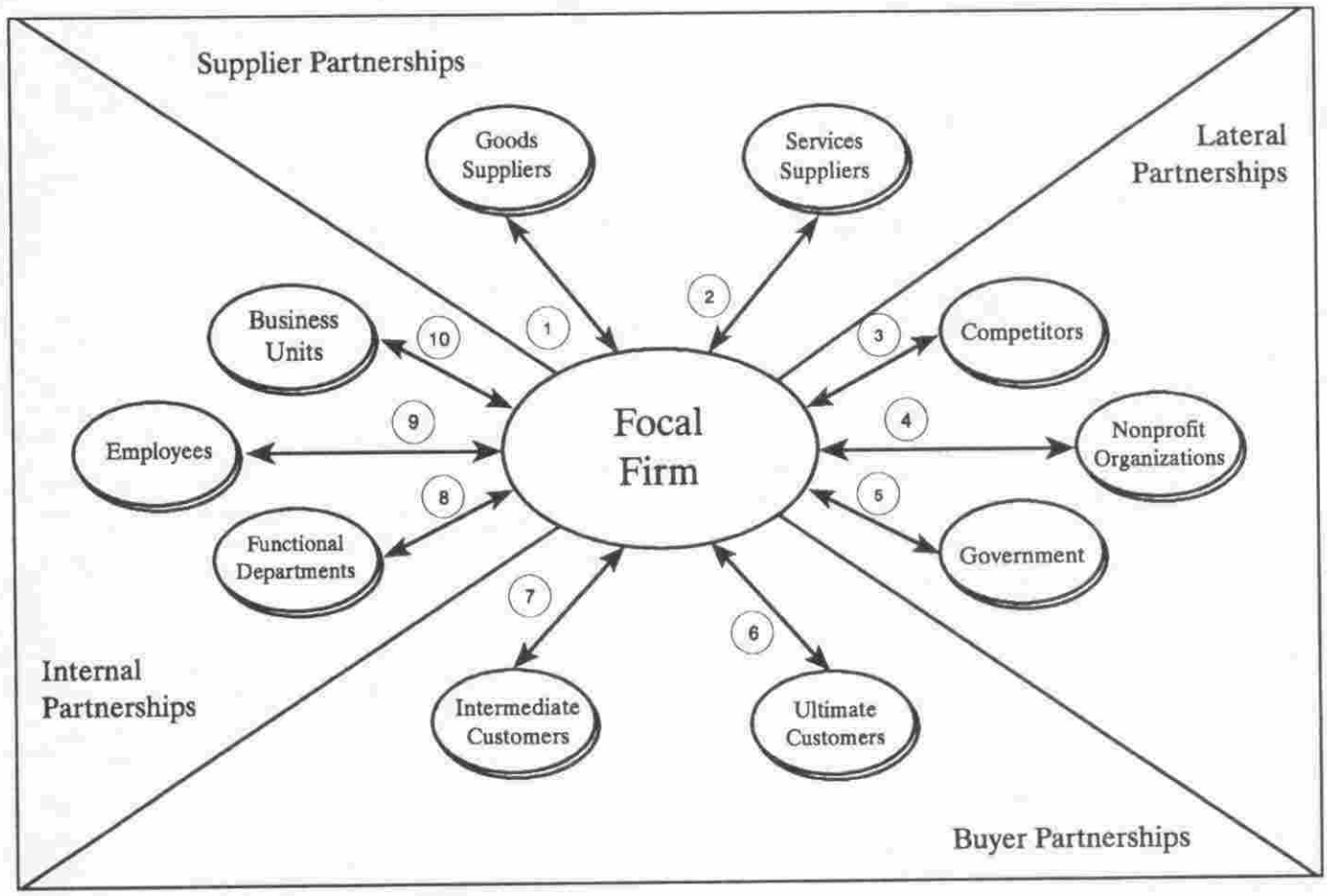
FIGURE 1
The Relational Exchanges in Relationship Marketing

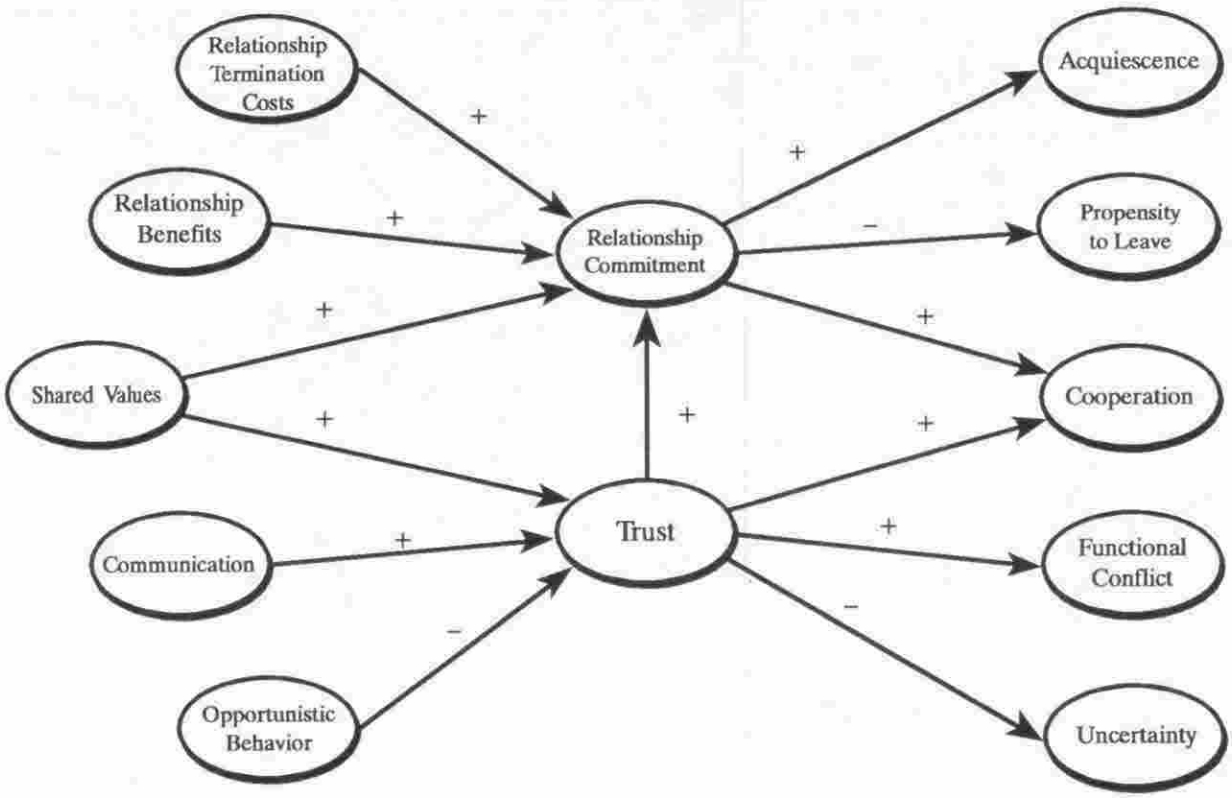


The Nature of Relationship Marketing

Understanding relationship marketing requires distinguishing between the discrete transaction, which has a "distinct beginning, short duration, and sharp ending by performance," and relational exchange, which "traces to previous agreements [and] ... is longer in duration, reflecting an ongoing process" (Dwyer, Schurr, and Oh 1987, p. 13). Categorized with reference to a focal firm and its relational exchanges in supplier, lateral, buyer, and internal partnerships, Figure 1 shows ten discrete forms of relationship marketing: (1) the partnering involved in relational exchanges between manufacturers and their goods' suppliers, as in "just-in-time" procurement and "total quality management" (Frazier, Spekman, and O'Neal 1988; O'Neal 1989); (2) relational exchanges involving service providers, as between advertising or marketing research agencies and their respective clients (Beltramini and Pitta 1991; Moorman, Zaltman, and Deshpandé 1992); (3) strategic alliances between firms and their competitors, as in technology alliances (Nueno and Oosterveld 1988); co-marketing alliances (Bucklin and Sengupta 1993); and global strategic alliances (Ohmae 1989); (4) alliances between a firm and nonprofit organizations, as in public purpose partnerships (Steckel and Simons 1992); (5) partnerships for joint research and development, as between firms and local, state, or national governments (Comer, O'Keefe, and Chilenskas 1980); (6) long-term exchanges between firms and ultimate customers, as particularly recommended in the services marketing area (Berry 1983); (7) relational exchanges of working partnerships, as in channels of distribution (Anderson and Narus 1990); (8) exchanges involving functional departments (Ruekert and Walker 1987); (9) exchanges between a firm and its employees, as in internal marketing (Arndt 1983; Berry and Parasuraman 1991); and (10) within-firm relational exchanges involving such business units as subsidiaries, divisions, or strategic business units (Porter 1987).

Though adequately conceptualizing relationship marketing requires a definition that accommodates *all* forms of relational exchanges, extant definitions cover some kinds but not others. For example, in the services marketing area, Berry (1983, p. 25) states, "Relationship marketing is attracting, maintaining and—in multi-service organizations—enhancing customer relationships" and Berry and Parasuraman (1991, p. 133) propose that "relationship marketing concerns attracting, developing, and retaining customer relationships." In industrial marketing, Jackson (1985, p. 2) refers to relationship marketing as "marketing oriented toward strong, lasting relationships with individual accounts." Paul (1988) adopts Jackson's view in the health care marketing area, as does O'Neal (1989) in his discus-

FIGURE 2
The KMV Model of Relationship Marketing



sions of "JIT procurement." Doyle and Roth (1992, p. 59) indicate that "the goal of relationship selling is to earn the position of preferred supplier by developing trust in key accounts over a period of time." Definitions similar to the preceding can be found in the areas of bank marketing, advertising, and business strategy (Beltramini and Pitta 1991; Prince 1989; Spekman and Johnston 1986). Conspicuously missing from all extant definitions of relationship marketing is the specific recognition that many instances of relationship marketing do not have a "customer" as one of the exchange participants. Strictly speaking, in strategic alliances between competitors, partnerships between firms and government in public-purpose partnerships, and internal marketing, there are neither "buyers," "sellers," "customers," nor "key accounts"—only *partners* exchanging resources. Therefore, to cover all forms of relational exchange and focus on the process of relationship marketing, as stressed by Dwyer, Schurr, and Oh (1987), we propose the following: Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges.

The Commitment-Trust Theory

Drawing on the political economy paradigm, Thorelli (1986, p. 38) maintains, "Power is the central concept in network analysis" because its "mere existence" can "condition others." In contrast, keeping in mind that roughly one-third of such ventures as strategic alliances are outright failures (Sherman 1992), we argue that what should be central to understanding relationship marketing is whatever distinguishes productive, effective, relational exchanges from those that are unproductive and ineffective—that is, whatever produces relationship marketing successes instead of failures. Though there are no doubt many contextual factors that contribute to the success or failure of specific relationship marketing efforts, we theorize that the presence of relationship commitment and trust is central to successful relationship marketing, not power and its ability to "condition others." Commitment and trust are "key" because they encourage marketers to (1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically. Therefore, when both commitment and trust—not just one or the other—are present, they produce outcomes that promote efficiency, productivity, and effectiveness. In short, commitment and trust lead directly to cooperative behaviors that are conducive to relationship marketing success.

Our theory implies what we label the *key mediating variable* (KMV) model of relationship marketing (Figure 2), which focuses on one party in the relational exchange and that party's relationship commitment and trust. Because we hypothesize that relationship commitment and trust are key

constructs, we position them as mediating variables between five important antecedents (i.e., relationship termination costs, relationship benefits, shared values, communication, and opportunistic behavior) and five outcomes (i.e., acquiescence, propensity to leave, cooperation, functional conflict, and decision-making uncertainty).

Relationship Commitment

Drawing on the conceptualizations of commitment in social exchange (Cook and Emerson 1978), marriage (Thompson and Spanier 1983), and organizations (Meyer and Allen 1984), we define relationship commitment as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely. Our definition corresponds almost exactly with that developed by Moorman, Zaltman, and Deshpandé (1992, p. 316): "Commitment to the relationship is defined as an enduring desire to maintain a valued relationship." Their "valued relationship" corresponds with our belief that relationship commitment exists only when the relationship is considered important. Similarly, their "enduring desire to maintain" corresponds with our view that a committed partner wants the relationship to endure indefinitely and is willing to work at maintaining it.

We propose that relationship commitment is central to relationship marketing. Though fairly new in discussions of interorganizational relationships, commitment long has been central in the social exchange literature (Blau 1964; Thibaut and Kelley 1959). Cook and Emerson (1978, p. 728) characterize commitment as "a variable we believe to be central in distinguishing social from economic exchange." More specifically, in the marriage literature, McDonald (1981, p. 836) concludes, "Clearly, the major differentiation of these exchange relationship types ... is the mutual social trust and the resultant commitment on the part of the individuals to establish and maintain exchange relationships."

Commitment also is viewed as critical in the literatures of organizational and buyer behavior. Organizational commitment—one type of relationship commitment that is critical to the firm in its internal relationships—is among the oldest (Becker 1960) and most studied (Reichers 1985) variables in organizational behavior theory. In this context, commitment is seen as central because it not only leads to such important outcomes as decreased turnover (Porter et al. 1974), higher motivation (Farrell and Rusbult 1981), and increased organizational citizenship behaviors (Williams and Anderson 1991), but it also results from such things that can be influenced by the firm as recruiting and training practices (Caldwell, Chatman, and O'Reilly 1990), job equity (Williams and Hazer 1986), and organizational support (Eisenberger, Fasolo, and Davis-LaMastro 1990).

In the services relationship marketing area, Berry and Parasuraman (1991, p. 139) maintain that "Relationships are built on the foundation of mutual commitment." Similarly, the process through which consumers become loyal to specific brands has been widely discussed. Initially, loyalty was viewed as simply repeat buying. However, as the field of consumer behavior matured, researchers came to realize that "repurchase is not sufficient evidence of brand loyalty" (Newman and Werbel 1973, p. 404) and that such measures as purchase patterns included much "spurious loyalty" (Day 1970). As brand attitude becomes central to the repurchase decision in relational exchange, brand loyalty becomes increasingly similar to our conceptualization of commitment. In fact, Assael (1987, p. 665) defines brand loyalty as "commitment to a certain brand" arising from certain positive attitudes. Manufacturers see brand loyalty as key to superior performance and make efforts to build it through providing superior benefits, promoting the firm's values (e.g, "green marketing," corporate philanthropy), and establishing an image as a trustworthy manufacturer.

A common theme emerges from the various literatures on relationships: Parties identify commitment among exchange partners as key to achieving valuable outcomes for themselves, and they endeavor to develop and maintain this precious attribute in their relationships. Therefore, we theorize that commitment is central to all the relational exchanges between the firm and its various partners in Figure 1.

Trust

We conceptualize trust as existing when one party has confidence in an exchange partner's reliability and integrity. Again, our definition parallels that of Moorman, Deshpandé, and Zaltman (1993, p. 82): "Trust is defined as a willingness to rely on an exchange partner in whom one has confidence." Both definitions draw on Rotter's (1967, p. 651) classic view that trust is "a generalized expectancy held by an individual that the word of another ... can be relied on." Both definitions also highlight the importance of confidence. The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity, which are associated with such qualities as consistent, competent, honest, fair, responsible, helpful, and benevolent (Altman and Taylor 1973; Dwyer and LaGace 1986; Larzelere and Huston 1980; Rotter 1971). Anderson and Narus (1990, p. 45) focus on the perceived outcomes of trust when they define it as "the firm's belief that another company will perform actions that will result in positive outcomes for the firm as well as not take unexpected actions that result in negative outcomes." Indeed, we would expect such outcomes from a partner on whose integrity one can rely confidently.

Absent from our definition of trust is the behavioral intention of "willingness" incorporated by Moorman, Deshpandé, and Zaltman. They argue that this behavioral intention is a critical facet of trust's conceptualization because "if one believes that a partner is trustworthy without being willing to rely on that partner, trust is limited" (p. 315). We argue that willingness to act is implicit in the conceptualization of trust and, therefore, one could not label a trading partner as "trustworthy" if one were not willing to take actions that otherwise would entail risk. More simply, genuine confidence that a partner can rely on another indeed will imply the behavioral intention to rely. If one is confident, then

one would be willing; if one is not willing, then one is not genuinely confident. We believe that, though it certainly would be appropriate to have items incorporating "stated willingness" in a measure of trust, willingness is unnecessary or redundant in its definition. Thus, just as behavioral intention is best viewed as an outcome of attitude and not as part of its definition (Fishbein and Ajzen 1975), "willingness to rely" should be viewed as an outcome (or, alternatively, a potential indicator) of trust and not as a part of how one defines it.

Like commitment, trust also has been studied widely in the social exchange literature (Fox 1974; Scanzoni 1979) and others. For example, in organizational behavior, the study of "norms of trust" is considered a characteristic distinguishing management theory from organizational economics (Barney 1990; Donaldson 1990a). In communications, a key construct has been source credibility, originally defined by Hovland, Janis, and Kelley (1953) as trust of the speaker by the listener. In services marketing, Berry and Parasuraman (1991, p. 144) find that "customer-company relationships require trust." Indeed, they contend (p. 107), "Effective services marketing depends on the management of trust because the customer typically must buy a service before experiencing it." In strategic alliances, Sherman (1992, p. 78) concludes that "the biggest stumbling block to the success of alliances is the lack of trust." In retailing, Berry (1993, p. 1) stresses that "trust is the basis for loyalty." In automobile marketing, Saturn stresses "partnerships in which everyone shared risks and rewards," which emphasizes "win-win role playing games stressing mutual trust" (*Advertising Age* 1992, p. 13), and competing with Japanese automakers, says Ford Motor Company, requires relationships with its suppliers in which "there's a spirit of trust" (*Business Week* 1992, p. 27). In buyer-seller bargaining situations, Schurr and Ozanne (1985) find trust to be central to the process of achieving cooperative problem solving and constructive dialogue. As in the organizational context mentioned previously, they also find trust to lead to higher levels of loyalty (i.e., commitment) to the bargaining partner. Finally, trust is viewed as central in studies conducted by the Industrial Marketing and Purchasing Group (Ford 1990 and Håkansson 1982). Therefore, we theorize that trust is central to all relational exchanges in Figure 1.

Trust Influences Relationship Commitment

Trust is so important to relational exchange that Spekman (1988, p. 79) postulates it to be "the cornerstone of the strategic partnership." Why? Because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships (Hrebiniak 1974). Indeed, because commitment entails vulnerability, parties will seek only trustworthy partners. Social exchange theory explains this causal relationship through the principle of generalized reciprocity, which holds that "mistrust breeds mistrust and as such would also serve to decrease commitment in the relationship and shift the transaction to one of more direct short-term exchanges" (McDonald 1981, p. 834). Therefore, we posit, as does Achrol (1991), that trust is a major determinant of relationship commitment. Corroborating our hypothesis, Moorman, Zaltman, and Deshpandé (1992) find that trust by marketing research users in their research providers significantly affected user commitment to the research relationship.

Precursors of Relationship Commitment and Trust

Drawing on two decades of theory and empirical research on commitment in organization behavior (see reviews by Reichers 1986; Mathieu and Zajac 1990) and the recently developing commitment and trust literature in marketing, we identify five major precursors of relationship commitment and trust. Specifically, as shown in Figure 2, we posit that (1) relationship termination costs and relationship benefits directly influence commitment, (2) shared values directly influence both commitment and trust, and (3) communication and opportunistic behavior directly influence trust (and, through trust, indirectly influence commitment).

Relationship termination costs. A common assumption in the relationship marketing literature is that a terminated party will seek an alternative relationship and have "switching costs," which lead to dependence (Heide and John 1988; Jackson 1985). Such costs are exacerbated by idiosyncratic investments, that is, investments that are difficult to switch to another relationship (Heide and John 1988). Dwyer, Schurr, and Oh (1987, p. 14) propose that "the buyer's anticipation of high switching costs gives rise to the buyer's interest in maintaining a quality relationship." However, it is certainly possible that no "switch" would occur after the relationship dissolves. For example, a terminated distributor or retailer might decide (willingly or unwillingly) to discontinue carrying an entire line of merchandise. Even though no alternative relationship is established (and no switch is made), there nevertheless will be costs incurred from termination. Termination costs are, therefore, all expected losses from termination and result from the perceived lack of comparable potential alternative partners, relationship dissolution expenses, and/or substantial switching costs. These expected termination costs lead to an ongoing relationship being viewed as important, thus generating commitment to the relationship. The "expected" in our conceptualization emphasizes that many business relationships are characterized by great uncertainty. Indeed, facing termination costs that are actually very high, a partner may be blissfully unaware of this fact and not be committed to the trading partner. Conversely, facing total costs that are actually very low, a partner unfoundedly may fear being terminated and be committed. Thus, it is the expectation of total costs that produces commitment.

Relationship benefits. Competition—particularly in the global marketplace—requires that firms continually seek out products, processes, and technologies that add value to their own offerings. Relationship marketing theory suggests that partner selection may be a critical element in competitive strategy. As Webster (1991, p. 28) notes for industrial marketers, "the firm's procurement strategy may be the most important ingredient in *its* ability to deliver superior value to *its* customers" (emphasis in original). Because partners that deliver superior benefits will be highly valued, firms will commit themselves to establishing, developing,

and maintaining relationships with such partners. Malcolm Baldrige Award winner Motorola recognizes the "two-way street" characteristic of relational exchange and conducts quarterly confidential surveys of major suppliers to track its own performance at providing benefits to its exchange partners (Moody 1992). Therefore, we posit that firms that receive superior benefits from their partnership—relative to other options—on such dimensions as product profitability, customer satisfaction, and product performance, will be committed to the relationship.

Shared values. Shared values, the only concept that we posit as being a direct precursor of both relationship commitment and trust, is the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong. For example, Heide and John's (1992) "norms," because they refer to "appropriate actions," are shared values. Similarly, Dwyer, Schurr, and Oh (1987, p. 21) theorize that shared values contribute to the development of commitment and trust.

Values are fundamental to definitions of organizational culture (Enz 1988; Weiner 1988). Schein (1990, p. 111) holds that we can "distinguish three fundamental levels at which culture manifests itself: (a) observable artifacts, (b) values, and (c) basic underlying assumptions." Values reflect culture when they are widely and strongly held (Schein 1990; Weiner 1988). Because it provides what many believe to be the best measure of person-organization fit in employment settings (Caldwell and O'Reilly 1990; Chatman 1991), shared values has become a variable of great interest to organizational researchers, especially in the organizational commitment literature (Chatman 1991). Kelman's (1961) seminal work hypothesized that people's attitudes and behaviors result from (1) rewards or punishments, or "compliance"; (2) the desire to be associated with another person or group, or "identification"; or (3) having the same values as another person or group, or "internalization." Hence, the organizational commitment literature often distinguishes between two kinds of commitment: (1) that brought about by a person sharing, identifying with, or internalizing the values of the organization and (2) that brought about by a cognitive evaluation of the instrumental worth of a continued relationship with the organization, that is, by adding up the gains and losses, pluses and minuses, or rewards and punishments. Consistent with the organizational behavior literature, we posit that when exchange partners share values, they indeed will be more committed to their relationships, but our definition of commitment is neutral to whether it is brought about by instrumental or identification/internalization factors.

Communication. A major precursor of trust is communication, which "can be defined broadly as the formal as well as informal sharing of meaningful and timely information between firms" (Anderson and Narus 1990, p. 44). Communication, especially timely communication (Moorman, Deshpandé, and Zaltman 1993), fosters trust by assisting in resolving disputes and aligning perceptions and expectations (Etgar 1979). Anderson and Narus (1990) note that past communication is an antecedent of trust, but "In subsequent periods ... this accumulation of trust leads to better communication" (p. 45). Because we, like Anderson and Narus, test our model at a specific point in time, we posit that a partner's perception that past communications from another party have been frequent and of high quality—that is, relevant, timely, and reliable—this will result in greater trust. Although "communication can be described as the glue that holds together a channel of distribution, ... empirical research on channel communication is sparse" (Mohr and Nevin 1990, p. 36). Nonetheless, Anderson and Narus (1990) find that, from both the manufacturer's and distributor's perspectives, past communication was positively related to trust. Anderson and Weitz (1989) also find that communication was positively related to trust in channels.

Opportunistic behavior. The concept of opportunistic behavior from the transaction cost analysis literature is defined as "self-interest seeking with guile" (Williamson 1975, p. 6). As such, "the essence of opportunistic behavior is deceit-oriented violation of implicit or explicit promises about one's appropriate or required role behavior" (John 1984, p. 279). Because opportunistic behavior in organization economics "is assumed in the fundamental axioms, rather than treated contingently ... this is guilt by axiom" (Donaldson 1990b, p. 373). Even though guileful, self-interest maximization is axiomatic in transaction cost analysis, empirical research indicates that human behavior may not be so Machiavellian after all, especially not behavior in long-run relationships (Bonoma 1976; John 1984). As originally suggested by Dwyer, Schurr, and Oh (1987), incorporating trust in models of distribution channel relationships provides a unique vantage point for treating opportunism as an explanatory variable. Accordingly, we posit that when a party believes that a partner engages in opportunistic behavior, such perceptions will lead to decreased trust. Rather than positing a direct effect from opportunistic behavior to relationship commitment, we postulate that such behavior results in decreased relationship commitment because partners believe they can no longer trust their partners.

Outcomes of Relationship Commitment and Trust

Although, as components of the relationship development process, relationship commitment and trust are, per se, highly desirable "qualitative outcomes" (Mohr and Nevin 1990), we posit five additional qualitative outcomes. First, acquiescence and propensity to leave directly flow from relationship commitment. Second, functional conflict and uncertainty are the direct results of trust. Third, and most importantly, we propose that cooperation arises directly from both relationship commitment and trust. We theorize that these outcomes, especially the crucial factor of cooperation, promote relationship marketing success. Because we model and test these outcomes at a single point in time, we refer to the partner's perceptions about these future outcomes when commitment and trust are present.

Acquiescence and propensity to leave. Drawing on the organizational behavior literature (Steers 1977), we define acquiescence as the degree to which a partner accepts or adheres to another's specific requests or policies, and we posit

that relationship commitment positively influences acquiescence, whereas trust influences acquiescence only through relationship commitment. Conceptually, acquiescence parallels the performance outcome of compliance, as discussed by Kumar, Stern, and Achrol (1992). Propensity to leave is the perceived likelihood that a partner will terminate the relationship in the (reasonably) near future (Bluedorn 1982). We posit that the strong negative relationship between organizational commitment and propensity to leave the organization (Mathieu and Zajac 1990) also will hold at the interorganizational level. Just as excessive employee turnover is costly for employers, partnership instability is costly. Therefore, "stability" is a desirable performance outcome (Kumar, Stern, and Achrol 1992) that we posit can be achieved through fostering commitment.

Cooperation. Cooperation, from the Latin *co*, meaning "together," and *operari*, "to work," refers to situations in which parties work together to achieve mutual goals (Anderson and Narus 1990). Even though coordination, which implies cooperation, has been known to be essential in such areas as channels of distribution for decades, the marketing literature on relationships has focused disproportionately on power and conflict as focal constructs. For example, Stern and El-Ansary (1992, p. 312) point out that a "central theme" of channels of distribution theory and research is that "interorganizational coordination is required within a marketing channel." But they go on to maintain that it is the exercise of power that is crucial for much coordination: "Power generally must be used in a marketing channel to ... gain cooperation and induce satisfactory role performance." Why the focus on power? Because, as the epigraph quote from Alderson reminds us, marketers have long noted the absence of a theory that explains cooperation. The commitment-trust theory contributes to that long-sought goal.

Harking back to the paradox of relationship marketing, effective cooperation within a network promotes effective competition among networks. Therefore, cooperation promotes relationship marketing success. Because conflictual behaviors can coexist temporally with cooperative actions, cooperation is not simply the absence of conflict (Frazier 1983). For example, partners can have ongoing disputes about goals but continue to cooperate because both parties' relationship termination costs are high. Nor is cooperation the same thing as acquiescence. Cooperation is proactive; acquiescence is reactive. Passively agreeing to advertise a partner's product is acquiescence; proactively suggesting better advertisements is cooperation.

Cooperation is the only outcome posited to be influenced directly by both relationship commitment and trust. A partner committed to the relationship will cooperate with another member because of a desire to make the relationship work. Both theory and empirical evidence indicate that trust also leads to cooperation. Deutsch's (1960) findings, using prisoner's dilemma experiments, suggest that the initiation of cooperation requires trust, and Pruitt (1981) suggests that a party will undertake high-risk, coordinated behaviors if trust exists. Similarly, Anderson and Narus (1990, p. 45) state, "Once trust is established, firms learn that coordinated, joint efforts will lead to outcomes that exceed what the firm would achieve if it acted solely in its own best interests."

Functional conflict. There always will be disagreements or "conflict" in relational exchanges (Dwyer, Schurr, and Oh 1987). The hostility and bitterness resulting from disagreements not being resolved amicably can lead to such pathological consequences as relationship dissolution. However, when disputes are resolved amicably, such disagreements can be referred to as "functional conflict," because they prevent stagnation, stimulate interest and curiosity, and provide a "medium through which problems can be aired and solutions arrived at" (Deutsch 1969, p. 19). Functional conflict, therefore, may increase productivity in relationship marketing and be viewed as "just another part of doing business" (Anderson and Narus 1990, p. 45). Several works either propose or find that communication and past cooperative behaviors lead to the perception that conflict is functional (Anderson and Narus 1990; Deutsch 1969). However, we posit that it is trust that leads a partner to perceive that future conflictual episodes will be functional. Past cooperation and communication, we propose, result in increased functionality of conflict as a result of increasing trust.

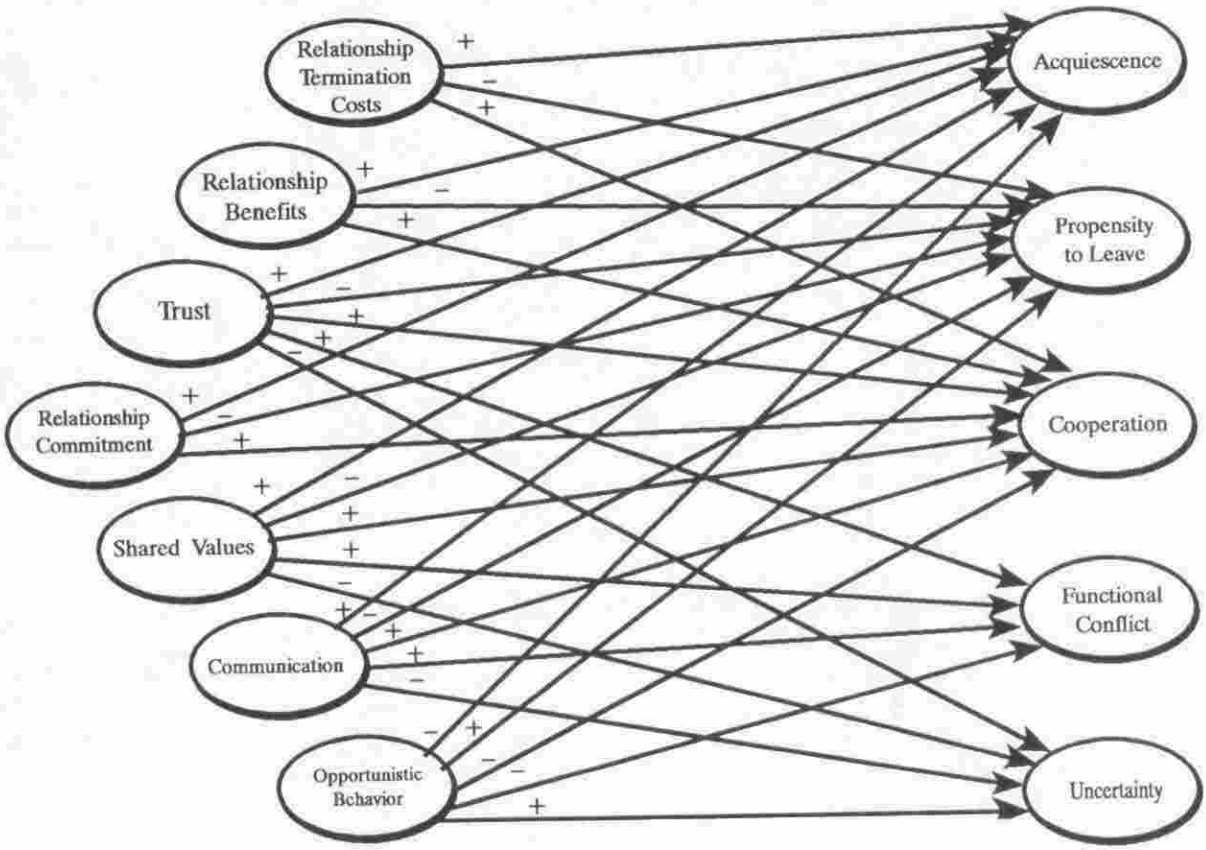
Decision-making uncertainty. Uncertainty in decision making refers to the extent to which a partner (1) has enough information to make key decisions, (2) can predict the consequences of those decisions, and (3) has confidence in those decisions (Achrol and Stern 1988). We posit that trust decreases a partner's decision-making uncertainty because the trusting partner has confidence that the trustworthy party can be relied on.

Hypotheses

Stated in formal fashion, our study tests 13 hypotheses:

- H_1: There is a positive relationship between relationship termination costs and relationship commitment.
- H_2: There is a positive relationship between relationship benefits and relationship commitment.
- H_3: There is a positive relationship between shared values and relationship commitment.
- H_4: There is a positive relationship between shared values and trust.
- H_5: There is a positive relationship between communication and trust.
- H_6: There is a negative relationship between opportunistic behavior and trust.
- H_7: There is a positive relationship between relationship commitment and acquiescence.
- H_8: There is a negative relationship between relationship commitment and propensity to leave.
- H_9: There is a positive relationship between relationship commitment and cooperation.
- H_{10}: There is a positive relationship between trust and relationship commitment.
- H_{11}: There is a positive relationship between trust and cooperation.
- H_{12}: There is a positive relationship between trust and functional conflict.

FIGURE 3
A Rival Model of Relationship Marketing



H_{13}: There is a negative relationship between trust and uncertainty.

A Rival Model

An emerging consensus in structural equations modeling is that researchers should compare rival models, not just test a proposed model (Bollen and Long 1992). What, then, would be a rival model? Note that our model posits that relationship termination costs, relationship benefits, shared values, communication, and opportunistic behavior—all of which have been associated with important outcomes in past research—influence their outcomes only through the key mediating variables of relationship commitment and trust. Because our extremely parsimonious model permits no direct path from any of the five variables to any outcome, it implies a central nomological status for relationship commitment and trust. A nonparsimonious rival view that is equally extreme would be one positing only direct paths from each of the precursors to the outcomes, thereby making relationship commitment and trust nomologically similar to the five antecedents. The rival model (see Figure 3), therefore, allows no indirect effects; in other words, relationship commitment and trust are not allowed to mediate any of the relationships. Although no one has theorized the rival model, it is implied by the numerous discussions and empirical studies that consider relationship termination costs, relationship benefits, shared values, communication, and opportunistic behavior to be "independent variables" directly influencing outcomes. Examples include communication and cooperation (Assael 1969); opportunism and uncertainty (Williamson 1985, p. 58); communication and relationship "continuity," which conceptually parallels "propensity to leave" (Anderson and Weitz 1989); shared values leading to decreased propensity to leave (Chatman 1991); and relationship termination costs leading to cooperation and/or decreased propensity to leave (Schermerhorn 1975; Skinner, Gassenheimer, and Kelley 1992; Spekman and Salmond 1992).

Method

Research Design

As the research setting, we used a national sample of independent automobile tire retailers. Although this industry has elements of vertical integration, it still has independent dealers. Because most tire retailers carry a small number of tire lines, their relationships with suppliers are potentially important enough for the research issues to be meaningful. Restricting the sample to this somewhat homogeneous population minimized extraneous sources of variation (a plus), and the relatively large number of producers and extreme competitive pressures due to overcapacity at the time

of research increased the likelihood of there being large variance to be explained (a large plus).

Preliminary investigation. The study began by exploratory field work that included soliciting the assistance of local chapters of the National Tire Dealers and Retreaders Association (NTDRA). In-depth, on-site interviews with officers of nine tire retailers in a medium-sized Southwestern city explored issues related to tire manufacturer/dealer relationships. From these interviews (and the literature review discussed previously), a draft questionnaire was constructed and pretested on site with the same nine tire retailers. Respondents were encouraged to identify unclear items, comment on the importance of the research issues, and suggest changes. After making the required modifications, the local NTDRA chapter assisted in mailing questionnaires to a regional sample of tire retailers to determine if respondents could/would complete the questionnaire in the absence of a researcher. No problems were presented during this stage, and the final draft of the questionnaire was developed.

Data Collection

Data were collected using a self-administered questionnaire sent to member firms of the NTDRA in two phases. During the first, multiple copies of questionnaires were mailed to the presidents of the seven largest U.S. chapters of NTDRA, all of whom had agreed to participate. We expected that, like Goolsby and Hunt (1992), using local chapters of the trade association would yield a higher response rate than a mass mailing. Association presidents distributed a total of 341 packets of questionnaires, introductory letters, and business reply envelopes to members at their monthly chapter meetings. After members returned only 49 (14.37%), it was decided that a mass mailing not only would allow for direct researcher control over questionnaire distribution but also would be as effective as the continued use of local chapters. In phase two, therefore, 1000 packets were mailed to independent NTDRA members (new tire dealers only) chosen at random from the most recent membership directory—after excluding all those in metropolitan areas previously surveyed. Returned questionnaires totaled 129, for a response rate of 12.9% and an overall sample size of 204 and response rate of 14.6% (204/1394)[1]. Though sample generalizability is a common concern in social science research, especially when response rates are small, it is important to note that at this point we are providing an initial test of a theoretical model in a particular context. The important issues here are (1) whether our sample is an appropriate context for testing our theory and (2) whether our sample of respondents has variance to be explained. Because we are not attempting to generalize an established model to a new population or project a descriptive statistic from a sample to some larger population, the possibility of nonresponse bias is a nonissue in research such as ours (Hunt 1990).

[1]This includes the nine responses acquired during the initial pretest with the nine local retailers interviewed, as well as the 17 (out of a sample of 44, for a 38.6% response rate) responses received after the mail pretest to the regional sample.

Sample characteristics. Our sampling method succeeded in providing respondents who varied greatly on personal and firm characteristics. Respondents varied widely in age (≤ 35 years of age, 13.3%; 36–45 years of age, 29.1%; 46–55 years of age, 31.6%; ≥ 56 years of age, 26%; $\bar{x}$ = 48 years of age, s.d. = 10.8), education (≤ high school diploma, 15.3%; some college, 34.0%; college degree, 38.6%; and graduate work, 12.2%), and years of business experience (≤ 10 years, 6.6%; 11–20 years, 26.5%; 21–30 years, 33.7%; and > 30 years, 33.1%; = 26.5 years, s.d. = 10.2), though the sample was made up almost entirely of males (98.4%). The firms represented in the sample varied in size, as measured by annual sales (≤ $500,000, 11.3%; $500,001–$1 million, 29.0%; $1–$2 million, 26.9%; $2–$5 million, 19.4%; and > $5 million, 13.4%; $\bar{x}$= $2.8 million, s.d. = $4.4 million) or employees (< 10, 38.2%; 10–19, 26.6%; 20–49, 23.1%; and ≥ 50, 12.0%). Finally, the average respondent purchased 54% (range = 10–100%, s.d. = 24.2) of their tire inventory from the supplier they identified as their "major supplier."

Measures

All measures were analyzed for validity and reliability following the guidelines offered by Anderson and Gerbing (1988) and Jöreskog and Sörbom (1989). The resulting measurement model $\chi^2_{(406)}$ was 588.33 (p = .000). Appendix A contains measure characteristics and sample measurement items. Here, we briefly discuss the origin of the measures used.

Focal constructs. Given our conceptualization of relationship commitment, it was essential that its measure should capture both the importance of the relationship to respondents and their beliefs about working to maintain the relationship. Though no scale existed at the inception of our study for measuring commitment to an interorganizational relationship, eight items in the organizational commitment scales of Meyer and Allen (1984) and Mowday, Steers, and Porter (1979) reflected our definition. These eight were modified to reflect relationship, rather than organizational, commitment. Because the Dyadic Trust Scale of Larzelere and Huston (1980) taps the major facets of trust, that is, reliability, integrity, and confidence, its nine items were adapted to measure interorganizational trust.

Antecedents of relationship commitment and trust. Several of the items in the Meyer and Allen (1984) continuance commitment scale focus on employment termination costs at the organizational level. We modified nine of its items to measure relationship termination costs. To measure relative relationship benefits, we adapted items from two scales used by Anderson and Narus (1990) that measure "outcomes given comparison levels" and "comparison levels given alternatives." Communication was measured using a scale developed by Anderson, Lodish, and Weitz (1987). The opportunistic behavior scale was derived from John (1984). For shared values, we used Enz's (1988) two-staged procedure. That is, we asked respondents (1) the degree to which they would agree and (2) the degree to which they believed their major supplier would agree with statements regarding the corporate ethical values in Hunt,

TABLE 1
Correlation/Covariance Matrix

	Mean	S.D.	Composite Reliability	RTC	RB	SV	CM	OB	RC	TR	AQ	PL	CP	FC	UN
Relationship termination costs	4.028	1.719	.895	2.954	.222	−.009	.118	.069	.314	−.018	.293	−.158	−.056	.080	.144
Relationship benefits	4.537	1.097		.427	1.204	.273	.417	−.419	.316	.425	.310	−.346	.402	.309	−.179
Shared values	6.232	1.018	.871	−.015	.297	1.037	.257	−.465	.435	.519	.361	−.217	.370	.219	−.192
Communication	4.392	1.279		.260	.581	.323	1.635	−.588	.471	.589	.383	−.303	.481	.375	−.241
Opportunistic behavior	3.762	1.814		.216	−.838	−.851	−1.337	3.290	−.501	−.759	−.374	.379	−.591	−.318	.331
Relationship commitment	5.165	1.299	.895	.690	.452	.556	.788	−1.167	1.688	.549	.470	−.468	.494	.304	−.121
Trust	4.137	1.669	.949	−.052	.778	.875	1.219	−2.303	1.182	2.786	.451	−.396	.586	.406	−.279
Acquiescence	4.581	1.661		.817	.565	.601	.806	−1.130	.994	1.257	2.759	−.382	.403	.314	−.146
Propensity to leave	4.267	3.046		−.821	−1.164	−.657	−1.175	2.100	−1.849	−2.026	−1.897	9.276	−.436	−.275	.200
Cooperation	4.874	1.239		−.120	.552	.454	.761	−1.335	.800	1.220	.835	−1.667	1.535	.294	−.463
Functional conflict	4.313	1.420		.193	.476	.316	.671	−.823	.565	.964	.743	−1.191	.514	2.017	−.149
Uncertainty	3.094	1.195		.299	−.236	−.233	−.370	.715	−.185	−.557	−.289	.737	−.692	−.254	1.427

Correlations are above the diagonal, variances on the diagonal, and covariances below the diagonal. Correlations > .121 are significant at the $p < .05$ level and correlations > .191 are significant at the $p < .01$ level. n = 204.

Wood, and Chonko (1989). Shared values then were calculated as the difference between the two responses subtracted from 7 (to make high numbers indicate high shared values). Items reflecting ethical values were chosen because such values are thought to be foundational in relational exchanges (Gundlach and Murphy 1993) and because Hunt, Wood, and Chonko (1989, p. 86) find shared ethical values to be "a significant and substantive predictor of organizational commitment" in marketing.

Consequences of relationship commitment and trust. To measure cooperation, we adapted the scale developed by Brown (1979). No scales exist for measuring the buyer's perception of future acquiescence to the supplier's policies. Because measures of self-reported intentions to perform specific behaviors (e.g., voting for a given candidate) commonly employ single items, a single item measure was used for intended acquiescent behavior. The propensity to leave measure was adapted from Bluedorn's (1982) measure of employees' propensity to leave the organization. We developed a two-item scale that measures perceptions of future functional conflict. The uncertainty measure was adapted from Achrol and Stern's (1988) scales for adequacy of available information (UINFO) and the degree of confidence of the decision maker when making these decisions (UCONF).

Results

Table 1 shows means, standard deviations, intercorrelations, variances, and covariances for the summates of all research variables. Note that the standard deviations for the 11 scales range from 1.018 to 1.814 (mean = 1.401), indicating a substantial amount of variance in the responses. Most importantly, standard deviations for the seven endogenous variables indicated high variance to be explained (mean = 1.647). Of the 12 scales' means, 5 are within one-half scale point (and 9 within one scale point) of 4, the center of the scales. This absence of skewness, when combined with the standard deviations, suggests that our sample contained both effective and ineffective relationships, at least on the qualitative dimensions studied.

The correlations in Table 1 provide an initial test of the 13 hypotheses. All 13 of the hypothesized relationships are supported at the $p < .01$ level. The absolute values of the correlations range from .279 to .759, the average being .476. For a much stronger test of the hypotheses, we now test the proposed model using LISREL, thereby holding constant all 43 nonspecified structural relationships and accounting for measurement error.

Testing the KMV Model

The KMV model was tested using LISREL VII and the covariance matrix shown in Table 1. Each single-indicant loading was fixed at .950 for the formative measure summates and at each scale's coefficient alpha for reflective measure summates. The exogenous constructs were allowed to correlate by freeing the Φ matrix. The results, shown in Table 2, indicate support ($p < .01$) for 12 of the 13 hypothesized paths of the model, and 24 of 27 indirect paths. The proposed structural model's comparative fit index, CFI (Bentler 1990), of .890 indicates a good fit, especially for a model with such a large number of constructs. Overall, the KMV model performs well.

Building relationship commitment and trust. With the exception of relationship benefits → relationship commitment, all hypothesized paths from the antecedents to relationship commitment and trust were supported. Furthermore, the squared multiple correlations (SMCs) for the structural equations for relationship commitment and trust were high. Over half of the variance (SMC = .552) in relationship commitment was explained by the direct effects of relationship termination costs, shared values, and trust, and the indirect effects of shared values, communication, and opportunistic behavior. For trust, even more of the variance was explained (SMC = .743) by the direct effects of shared values, communication, and opportunistic behavior.

Outcomes of developing relationship commitment and trust. All the paths leading to the five outcomes were significant at the $p < .001$ level. The standardized estimates for the six hypothesized paths ranged from .252 to .561 (mean = .442), suggesting that relationship commitment and trust

TABLE 2
Analysis of Competing Structural Models

Proposed Model		Rival Model	
Path	**Estimate**	**Path**	**Estimate**
Direct Effects		**Direct Effects**	
Relationship termination costs → Relationship commitment	.367[c]	Relationship termination costs → Acquiescence	.242[b]
Relationship benefits → Relationship commitment	−.006	Relationship termination costs → Propensity to leave	.004
Shared Values → Relationship commitment	.189[b]	Relationship termination costs → Cooperation	−.209[b]
Shared Values → Trust	.192[c]	Relationship benefits → Acquiescence	.029
Communications → Trust	.184[b]	Relationship benefits → Propensity to leave	−.213[b]
Opportunistic behavior → Trust	−.618[c]	Relationship benefits → Cooperation	.193[b]
Relationship commitment → Acquiescence	.561[c]	Shared values → Acquiescence	.150[a]
Relationship commitment → Propensity to leave	−.550[c]	Shared values → Propensity to leave	.132
Relationship commitment → Cooperation	.252[c]	Shared values → Cooperation	−.029
Trust → Relationship commitment	.531[c]	Shared values → Functional conflict	.037
Trust → Cooperation	.507[c]	Shared values → Uncertainty	−.031
Trust → Functional conflict	.448[c]	Communication → Acquiescence	.102
Trust → Uncertainty	−.331[c]	Communication → Propensity to leave	.104
Indirect Effects[d]		Communication → Cooperation	.069
Relationship termination costs → Acquiescence	.206[c]	Communication → Functional conflict	.262[b]
Relationship termination costs → Propensity to leave	−.202[c]	Communication → Uncertainty	−.047
Relationship termination costs → Cooperation	.093[b]	Opportunistic behavior → Acquiescence	.007
Shared values → Relationship commitment	.102[c]	Opportunistic behavior → Propensity to leave	.143
Shared values → Acquiescence	.163[c]	Opportunistic behavior → Cooperation	−.273[a]
Shared values → Propensity to leave	−.160[c]	Opportunistic behavior → Functional conflict	.133
Shared values → Cooperation	.171[c]	Opportunistic behavior → Uncertainty	.400[b]
Shared values → Functional conflict	.086[b]	Relationship commitment → Acquiescence	.165
Shared values → Uncertainty	−.064[b]	Relationship commitment → Propensity to leave	−.438[c]
Communication → Relationship commitment	.097[b]	Relationship commitment → Cooperation	.338[c]
Communication → Acquiescence	.055[b]	Trust → Acquiescence	.246[a]
Communication → Propensity to leave	−.054[b]	Trust → Propensity to leave	−.100
Communication → Cooperation	.118[b]	Trust → Cooperation	.096
Communication → Functional conflict	.082[b]	Trust → Functional conflict	.371[a]
Communication → Uncertainty	−.061[b]	Trust → Uncertainty	.070
Opportunistic behavior → Relationship commitment	−.327[c]		
Opportunistic behavior → Acquiescence	−.184[c]		
Opportunistic behavior → Propensity to leave	.180[c]		
Opportunistic behavior → Cooperation	−.396[c]		
Opportunistic behavior → Functional conflict	−.277[c]		
Opportunistic behavior → Uncertainty	.204[c]		
Trust → Acquiescence	.299[c]		
Trust → Propensity to leave	−.292[c]		
Trust → Cooperation	.134[b]		
$\chi^2_{(43)} = 140.26$ GFI = .892 CFI = .890 PNFI = .555		$\chi^2_{(16)} = 52.64$ GFI = .957 CFI = .959 PNFI = .228	

[a]$p < .05$
[b]$p < .01$
[c]$p < .001$
[d]Only those indirect effects that were significant at the $p < .05$ level or better are shown
n = 204

have considerable influence on variables that are theorized to be important for relationship marketing success. Indeed, the model explains a substantial amount of the variance of each outcome, as the SMCs reveal: acquiescence = .315, propensity to leave = .302, cooperation = .481, functional conflict = .201, and uncertainty = .109. The total coefficient of determination for the structural equations is .810.

Testing the Rival Model

We compare (see Table 2) the proposed model with its rival on the following criteria: (1) overall fit of the model-implied covariance matrix to the sample covariance matrix, as measured by CFI; (2) percentage of the models' hypothesized parameters that are statistically significant; (3) ability to explain the variance in the outcomes of interest, as measured by squared multiple correlations of the focal and outcome variables; and (4) parsimony, as measured by the parsimonious normed fit index (PNFI) (James, Mulaik, and Brett 1982).

Though the CFI for the rival model is slightly higher (CFI = .959 versus .890), only 11 of 29 (37.9%) of its hypothesized paths are supported at the $p < .05$ level (including only 7 of 29 (24.1%) supported at $p < .01$). In contrast, 12 of 13 hypothesized paths (92.3%) in the KMV model are supported at the $p < .01$ level. Importantly, 9 of the 11 significant direct effects in the rival are significant direct or indirect effects in the KMV model (the exceptions are relationship benefits → propensity to leave and relationship benefits → cooperation). Moreover, little, if any, additional explanatory power is gained from the additional 16 paths. The rival's SMCs are acquiescence = .395, propensity to leave = .352, cooperation = .561, functional conflict = .235, and uncertainty = .153. The largest increment to SMC was .080 (for acquiescence) and the mean increment only .058.

The total coefficient of determination for the rival is actually less than that of the KMV model (.805 versus .810).

As is obvious from Figures 2 and 3 , there is a great difference in parsimony between the KMV and rival models (13 versus 29 paths). Because CFI does not account for parsimony differences, we compare the two models using PNFI. Because PNFI is informed by both the goodness of fit of the model and its parsimony, one commonly finds that goodness of fit indices in the .90s translate to parsimonious fit indices less than .60 (Mulaik et al. 1989). The KMV model's PNFI of .555 exceeds the rival's .228. Although no guidelines exist for determining what is a significant difference in PNFI values, we note that to accomplish a 7.8% improvement in CFI (from .890 to .959), one sacrifices 41.1% in PNFI (from .555 to .228). Such a sacrifice, it would seem, is too great. Stated conversely, we accomplish a great improvement in parsimony (from 29 paths to 13 paths) by sacrificing only 7.8% in CFI—a sacrifice seemingly worth making for the sake of parsimony.

Discussion

We first address the significance of conceptualizing relationship commitment and trust as mediators of important relational variables. Then we discuss directions for further research.

Relationship Commitment and Trust as Key Mediating Constructs

In relationship marketing, what are the roles of commitment and trust? Are relationship commitment and trust just two more "independent" variables that influence outcomes or are they somehow *central* to relationship marketing success? Theorizing that commitment and trust are key variables that mediate successful relationship marketing, we develop a causal model containing 13 hypotheses that we test in the context of automobile tire relationships. Correlation analysis supported all 13 hypotheses and structural equation modeling, a more powerful test, supports 12 of the 13 hypotheses. Not only do our hypothesized antecedents explain over half the variance in relationship commitment and trust, they also explain a substantial amount of the variances in five outcomes, including almost half of the variance of the crucial variable, cooperation. If cooperative relationships are required for relationship marketing success, our results suggest that commitment and trust are, indeed, key.

Recognizing that our model is both parsimonious (13 paths) and extreme (only indirect paths are allowed from the five exogenous to the five outcome variables), we compare it with a rival that is nonparsimonious (29 paths), but equally extreme (no indirect paths are allowed). Although customary goodness of fit measures show acceptable fit for both models, parsimony clearly favors the key mediating variable view. Even though the rival has over twice the paths (29 versus 13), the extra 16 paths from the "independent" variables explain only a marginal amount of additional variance. Examining the paths not supported in the rival also suggests that the KMV model best represents reality. Surprisingly, not a single antecedent in the rival is significantly related to more than two outcomes—even though all these antecedent variables have been widely recognized as important in exchange relationships. The KMV model explains this surprising finding by showing that the antecedents do affect these outcomes significantly, but only through the key mediating variables of relationship commitment and trust. Indeed, all 18 of the indirect effects of the antecedents on the outcomes are supported ($p < .01$).

Finally, when corrected for parsimony, the overall fit of the rival model is less than half that of the KMV model. Philosophically, parsimony is a characteristic of theories that science has cherished since at least the 14th century, when William of Ockham developed the principle now known as Ockham's razor. Philosophers of science long have argued that the objective of science is not only to explain, predict, and understand the world in which we live, but to do so in as efficient a manner as possible. Lambert and Brittan (1970, p. 69), discuss the reasons that parsimony, or "simplicity," has been so important in science: "Certainly of two hypotheses equally satisfactory in other respects, we habitually choose the simpler. Reasons are not hard to find. The simpler hypothesis is usually the more elegant, more convenient to work with, more easily understood, remembered, and communicated." The emphasis on parsimony in the structural equations modeling literature is fully in accord with philosophy of science (Bentler and Mooijaart 1989). Therefore, if the job of marketing science is, whenever possible, to explain marketing phenomena parsimoniously, our results clearly support the theory that commitment and trust are key mediating variables that contribute to relationship marketing success.

Relationship marketing success, in all its contexts, requires cooperative behaviors. Indeed, as Van de Ven (1976, p. 25) puts it, "the end objective of organizations involved in an [interorganizational relationship] is the attainment of goals that are unachievable by organizations independently." In the rival model, only relationship benefits and opportunistic behavior were found to affect cooperation significantly. In the KMV model, however, all antecedents (except relationship benefits) were found to affect cooperation significantly, and similar results were found for the other important outcomes as well. These findings imply that relationship commitment and trust are not only important variables in marketing relationships, as proposed by other researchers (Achrol 1991; Becker 1960; Dwyer, Schurr, and Oh 1987), but also are key mediating variables in these relationships.

Identifying commitment and trust as key mediating variables is critical to the study and management of relationship marketing. To the researcher, if relationship commitment and trust were merely two more independent antecedents of important relationship outcomes, failing to include their effects in studies of relationship marketing processes simply would result in less variance explained among the outcomes. However, as key mediating variables, failing to include their effects in such studies would result in flawed conclusions regarding not only the direct impact of relationship commitment and trust on important outcomes, but the impact of other antecedents as well. To the manager, understanding of the process of making relationships work is su-

perior to developing simply a "laundry list" of antecedents of important outcomes—and our results imply that commitment and trust are key to understanding the relationship development process.

Directions for Further Research

Alternative approaches to construct measurement. Although our measures performed well, it is certainly possible that better (or at least different) measures could be constructed for several of the constructs. For example, relationship termination costs appear to increase relationship commitment. Further research could explore types of termination costs other than the economic costs studied here. Noneconomic costs, including the loss of "social satisfaction from the association" (Dwyer, Schurr, and Oh 1987, p. 14), as well as such sociopsychological costs as worry, aggravation, and perceived loss of reputation or "face," also could contribute to the development of relationship commitment.

The hypothesized effect of relationship benefits on relationship commitment was unsupported—even though the simple correlation (r = .316) was positive and significant. (Such surprising findings as this show the value of structural equations modeling.) One possible measurement-related explanation for this finding is that relationship benefits were measured as an evaluation of the supplier on the facets of gross profit, customer satisfaction, and product performance. In the future, researchers could address other potential benefits. Note that we measure relationship benefits in a comparative sense, that is, benefits of the supplier compared with those of a likely alternative supplier. Perhaps many respondents lacked information as to the characteristics of alternative suppliers, or they had a tendency to focus on the absolute level of benefits, not the relative benefits. It is worth noting that the variance in relationship benefits was one of the smallest of all studied variables (s.d. = 1.097). In the future, researchers could try measuring satisfaction with absolute levels of benefits.

By measuring shared values in terms of shared ethical values, they contributed significantly to the development of both relationship commitment and trust. However, other types of shared values—for example, relating to product quality, promotion tactics, or customer service—also could further the development of commitment and trust in relational exchanges. For example, researchers could focus on the "norms" investigated by Heide and John (1992).

Finally, less than 11% of the variance in uncertainty was explained by our model—the lowest for any outcome. Given the wide range of idiosyncratic environmental factors that undoubtedly affect each respondent's uncertainty, such low explained variance is unsurprising. However, it is also possible that the types of decisions that the measure addressed—that is, adequacy of information and confidence in decisions for promotion efforts and inventory—may not be as heavily influenced by trust in the trading partner as are others. In the future, researchers could explore other facets of the business, such as the provision of warranty service, investment in relationship-specific assets, or searching for alternative trading partners. For example, we would expect that marketers who trust their trading partners should feel more sure—that is, less uncertain—about excluding potential alternate suppliers from consideration.

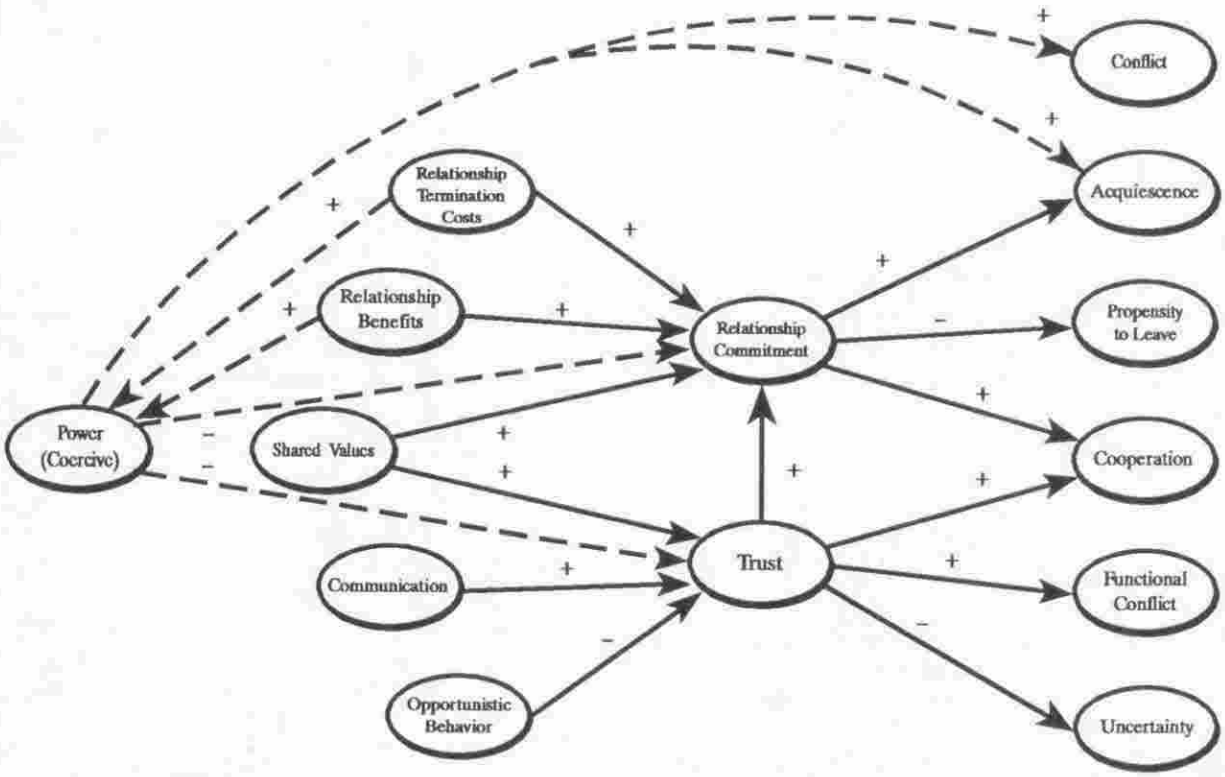
Further developing the KMV model. Although our tests of the two competing models suggest that the KMV model better conceptualizes the roles of commitment and trust, allowing for direct effects for some antecedents is suggested. Of the five antecedents studied, opportunistic behavior displayed the largest effects, both direct and indirect. The sizes of the rival model's direct paths from opportunistic behavior to the outcomes suggest that opportunistic behavior also may influence one or more outcomes directly. Indeed, the LISREL modification indices suggest paths from opportunistic behavior to cooperation and uncertainty. Therefore, we urge researchers to evaluate an "extended" KMV model that allows for both direct and indirect paths from opportunistic behavior to these variables.

Our results indicate that trust influences the way in which disagreements and arguments are perceived by exchange partners. When trust is present, parties will view such conflict as functional. Therefore, they can discuss problems openly because they do not fear malevolent actions by their partners. Both the modification indices for the proposed model and the results of the rival model suggest that communication also can lead directly to conflict being perceived as functional (independent of the indirect path through trust). This "dual path" possibility would lend support to Mohr and Nevin's (1990) view that effective communication is crucial for obtaining high performance. Further research investigating the extended KMV model should determine whether this "dual path" holds elsewhere.

Our test failed to support a path from relationship benefits to relationship commitment. Although this failure may be related to the measurement issues previously discussed, structural explanations also may exist. One would expect that the level of benefits received from the relationship would be related strongly to both satisfaction with those benefits and satisfaction with the overall relationship. Global satisfaction customarily shows a strong relationship with all forms of commitment (Williams and Hazer 1986)—which may explain our positive (simple) correlation of benefits to commitment. However, one also would expect strong associations between global satisfaction and our other exogenous variables (e.g., communication). Therefore, there may be a global satisfaction "halo effect" that results in the apparent relationship between benefits and commitment disappearing when all exogenous variables are included in the analysis. Researchers may need to include this halo effect explicitly in their models.

Interestingly, though our results indicate that both commitment and trust are important for achieving cooperation, the parameter values suggest that trust has the strongest effect. Our measure of cooperation included cooperation across five different facets of the business. Would this finding hold for other forms of cooperation? Furthermore, what forms of cooperation are most conducive to success? The organizational behavior literature highlights the role of organizational citizenship behaviors in success (Organ 1988). Are there specific network citizenship behaviors that contrib-

FIGURE 4
An Extended KMV Model of Relationship Marketing



ute to relationship marketing success? These questions warrant further research.

Among the important outcomes we study here is acquiescence. Why do firms acquiesce to or comply with the desires of others? Marketing's traditional answer has been that compliance results from the exercise (or one's fear of the exercise) of power, which, since Hunt and Nevin (1974), customarily has been divided into two types, coercive and noncoercive. However, to many academics, as well as to most practitioners, the term *power* implies, or at least strongly connotes, coercion, that is, "do this or else!" If one does not have the ability to force compliance, then one may be said to have some degree of influence, but not genuine power. For these academics and practitioners, *noncoercive power* is at best a non sequitur and at worst an oxymoron. In this vein, Young and Wilkinson (1989, p. 109) argue that marketing's emphasis on power and conflict as key concepts for studying channels has "distorted the understanding of how channels functioned. The emphasis was on sick rather than healthy relationships."

Instead of acquiescence resulting from the exercise of power, as in sick relationships, our results support the view that in "healthy" relationships partners acquiesce because of their commitment to the relationship. In short, whereas the exercise of coercive power yields compliance because firms are compelled to do so, firms committed to the relationship acquiesce because they *want* to do so. Long-run relationship success, we argue, is more likely to be associated with the absence of the exercise of coercive power and the presence of commitment and trust. The preceding notwithstanding, the commitment-trust theory of relationship marketing does not deny the importance of understanding power. Just as medical science should understand both sickness and health, marketing science should understand both functional and dysfunctional relationships. Just as the KMV model incorporates opportunistic behavior and its dysfunctional consequences, so also can an extended KMV model incorporate power.

Everyone acknowledges that power—here implying the ability to compel compliance—indeed can result from dependence. Furthermore, dependence varies directly with the value received from a partner and inversely with the availability of alternative trading partners (Cook and Emerson 1978). In our terms, feelings of dependence can result from relationship benefits and relationship termination costs. We also acknowledge that the exercise of power (based on dependence) in specific episodes can lead to a partner's acquiescence. However, the continuing exercise of power to gain acquiescence also destroys trust and commitment, which decreases cooperation and inhibits long-term success. As previous research supports (Lusch 1976), the use of power also will result in conflict (of the dysfunctional kind). In summary, as shown in the extended KMV model (Figure 4), we hypothesize that power (1) results from relationship termina-

tion costs and relationship benefits, (2) positively affects acquiescence and conflict, and (3) negatively affects relationship commitment and trust. The negative effect on relationship commitment and trust over the long term will decrease cooperation and diminish overall relationship success. Power, then, like opportunistic behavior, helps us to understand relationship marketing failures. If marketing science should turn toward explaining relationship marketing success—and we believe it should—power cannot be the central construct.

Limitations

The first limitation is the cross-sectional design employed. In any model in which causality is suggested, longitudinal studies provide for stronger inferences. Thus, the model developed and tested here could benefit from being tested in a longitudinal design.

Second, the context of our study, automobile tire retailers, limits its potential generalizability. On average, respondents in our sample purchased roughly half (54%) of their tire inventory from the supplier they identified as their "major supplier." Certainly, some firms in other industries would purchase more of their inventories from their major suppliers (e.g., franchising operations such as automobile dealerships), and firms offering a broader assortment of goods or services (e.g., mass merchandisers, supermarkets) would purchase much less from a single supplier. Perhaps in industries in which the percentage of retailers' total purchases from single suppliers differs markedly from the range in our sample, the structure of relationships might be different. Therefore, not only would strict replication using automobile tire retailers be useful, but extending the study to other partnerships is definitely required. Because we theorize that commitment and trust are key mediating variables in all ten forms of relationship marketing, testing our baseline model in such areas as strategic alliances, total quality management efforts, public-purpose partnerships, and "internal marketing" programs is required. Our reading of the literature in all forms of relationship marketing leads us to believe that the commitment-trust theory underlying the KMV model should apply for all relational exchanges—but only further empirical work can confirm or disconfirm this.

Conclusion

We explore the nature of relationship marketing, its conceptualization, forms, and requisites for success. Relationship marketing, we propose, refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges. With regard to any firm, there are ten forms of relationship marketing, which can be grouped into the relational exchanges involving suppliers, lateral organizations, customers, or one's own employees or business units. The need for relationship marketing stems from the changing dynamics of the global marketplace and the changing requirements for competitive success. Somewhat paradoxically, to be an effective competitor in today's global marketplace requires one to be an effective cooperator in some network of organizations. If being an effective cooperator in some network is a prerequisite to being a successful competitor, what are the requisites for being a successful cooperator? The commitment-trust theory maintains that those networks characterized by relationship commitment and trust engender cooperation (in addition to acquiescence, a reduced tendency to leave the network, the belief that conflict will be functional, and reduced uncertainty). All these "qualitative outcomes" contribute to overall network performance. If commitment and trust are key, how can such characteristics be nurtured? We posit that relationship commitment and trust develop when firms attend to relationships by (1) providing resources, opportunities, and benefits that are superior to the offerings of alternative partners; (2) maintaining high standards of corporate values and allying oneself with exchange partners having similar values; (3) communicating valuable information, including expectations, market intelligence, and evaluations of the partner's performance; and (4) avoiding malevolently taking advantage of their exchange partners. Such actions will enable firms and their networks to enjoy sustainable competitive advantages over their rivals and their networks in the global marketplace. Our initial test of the KMV model of relationship commitment and trust in the context of a channel of distribution has been encouraging. However, much more work must be done. Our theory and the model need further explication, replication, extension, application, and critical evaluation. We offer them to the marketing discipline and marketing practice for all these purposes.

APPENDIX A
Measures

Construct[a]	Sample Items
Relationship benefits[f] (4 items)	If you could not buy your stock from your present major supplier, you would likely be purchasing from some other major supplier (we'll call this the "alternate supplier"). Please compare your major supplier with this alternate supplier concerning the following items: (anchors: Present supplier is much better/Present supplier is much worse) 1. Gross profit provided by a product line common to both suppliers. 2. Product performance provided by a product line common to both suppliers.
Relationship termination costs[r] (5 items) reliability[d] = .895 α = .893 VEE = .634 $\bar{\lambda}$ = .790	(anchors: Strongly agree/Strongly disagree)

APPENDIX A
Continued

Construct[a]	Sample Items
Shared values[r] (5 items) reliability = .871 α = .868 VEE = .577 $\bar{\lambda}$ = .756	Please indicate the degree to which you believe that (1) your supplier would agree with the following statements, and (2) you would agree with the following statements: (two part question, anchors: Strongly agree/Strongly disagree) 1. To succeed in this business, it is often necessary to compromise one's ethics. 2. If an employee is discovered to have engaged in unethical behavior that results primarily in **personal gain** (rather than corporate gain), he or she should be promptly reprimanded.
Communication[f] (4 items)	In our relationship, my major supplier (anchors: Strongly agree/Strongly disagree) 1. ...keeps us informed of new developments. 2. ...communicates well his expectations for our firm's performance.
Opportunistic behavior[f] (3 items)	To accomplish his own objectives, sometimes my supplier (anchors: Strongly agree/Strongly disagree) 1. ...alters the facts slightly. 2. ...promises to do things without actually doing them later.
Relationship commitment[r] (7 items) reliability = .895 α = .895 VEE = .626 $\bar{\lambda}$ = .736	The *relationship* that my firm has with my major supplier (anchors: Strongly agree/Strongly disagree) 1. ...is something we are very committed to. 2. ...is something my firm intends to maintain indefinitely. 3. ...deserves our firm's maximum effort to maintain.
Trust[r] (7 items) reliability = .949 α = .947 VEE = .729 $\bar{\lambda}$ = .849	In our relationship, my major supplier (anchors: Strongly agree/Strongly disagree) 1. ...cannot be trusted at times. 2. ...can be counted on to do what is right. 3. ...has high integrity.
Acquiescence[f] (1 item)	(anchors: Strongly disagree/Strongly agree) 1. In the future, my firm will likely comply with the policies that this supplier establishes for the marketing of its products by its distributors.
Cooperation[f] (5 items)	How would you characterize the cooperation between you and your supplier regarding the following activities? (anchors: Not at all cooperative/Very cooperative) 1. Local/Regional Cooperative Advertising 2. Inventory levels
Propensity to leave[f] (3 items)	What do you think are the chances of your firm terminating this relationship... (anchors: Very high/Very low) (a) ...within the next six months? (b) ...within the next one year? (c) ...within the next two years?
Functional conflict[f] (2 items)	(anchors: Strongly agree/Strongly disagree) 1. In the future, differences of opinion between my supplier and me will probably be viewed as "just a part of doing business" and will likely result in benefits to both of us.
Uncertainty[f] (10 items)	To what extent do you now have adequate information for making future decisions regarding (information is very adequate/information is very inadequate) 1. The amount you should spend on local sales promotions and advertising? How confident are you in your ability to make future decisions regarding (I have complete confidence/I have no confidence) 1. Which products or brands to carry in stock?

[a]All measures employ 7-point scales.
[b]Item was reverse-scored.
[c]The Propensity to leave indicator is a summate of the three weighted items. Item (a) is weighted four times the reverse-scored response. Item (b) is weighted twice the reverse-scored response. Item (c) is simply the reverse scored response.
[d]Composite reliability, Cronbach's α, variance extracted estimate, and average item loading.
[f]Formative scale
[r]Reflective scale

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